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Costa Rica Plans to Increase Rice Production.

Report Categories:

Grain and Feed

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Report Highlights:

Costa Rica's Rice Corporation (CONARROZ) will try to increase local rice production from 50 percent of local consumption to 80 percent of domestic consumption and is calling for additional government support to achieve this goal.

Executive Summary: CONARROZ is trying to increase rice production through the application of a plan which includes technical and financial assistance to producers. Rice is a very important component in the diet of the Costa Rican population. Although local production increased in the 2007/2008 crop year, it is expected to decline during 2008/2009.

General Information:

Costa Rica's National Rice Corporation Calls for Additional Government Support for Rice Production.

Costa Rica's National Rice Corporation (CONARROZ) is attempting to implement a policy that

will organize, regulate and promote a competitive and profitable rice sector that guarantees the country's food safety. The general goal is to produce locally 80% of the country's rice consumption needs. During crop year 2007/2008, local rice production covered roughly 50% of the 236,000 metric tons of milled rice consumed by Costa Rica. The policy was drafted in coordination with the Ministry of Agriculture and the Ministry of Foreign Trade and involves several key components, including the following:

1. Technology and production development.
2. Technological modernization of the rice industry.
3. Promotion and marketing.
4. Development of improved information systems.
5. Promotion of producer and industrial organizations.
6. Financing and insurance.
7. Import Policy.
8. Foreign trade.

In relation to trade policy, CONARROZ intends to import all the rough rice under the U.S. tariff rate quota (54,000 metric tons in 2009) to complement local rice production and any additional volume necessary to meet domestic requirements. It also plans to coordinate with the banking system to obtain the best possible financing terms for those imports. CONARROZ will support and defend the rice sector in any trade negotiations conducted by the country (negotiations are currently underway with China, Singapore, and the EU).

Although these policies are oriented towards achieving higher local rice production, CONARROZ recently recognized that it expects production to decline in 2008/2009 as a result of lower area planted citing lack of financing at preferential rates as the main reason for the lower area planted.

On a separate note, CONARROZ publicized the fact that the Costa Rican Ministry of Agriculture (MAG) transferred funds to the National Insurance Institute (INS) to subsidize crop insurance for rice, corn, beans, potatoes, onions, and roots and tubers producers. The MAG has allocated 2,000 million colones (approximately \$3.4 million at the current exchange rate) to this program for fiscal year 2009. Producers had been asking to government to reinstate this program as a mechanism to promote increased local production of basic staples.